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March 4, 2004

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station  
Boston, MA 02110

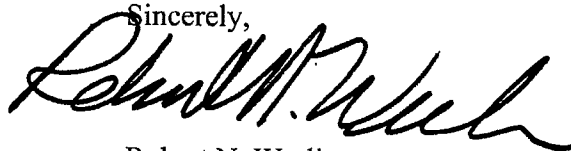
Re: D.T.E. 03-129, Boston Edison Company, d/b/a NSTAR Electric

Dear Secretary Cottrell:

Enclosed for filing in the above-referenced matter are the responses to the Record Requests set forth on the accompanying list.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert N. Werlin", written in a cursive style.

Robert N. Werlin

Enclosures

cc: Service List

## Responses to Record Requests

Record Request DTE-1

Record Request DTE-2

Record Request DTE-3

Record Request DTE-4

Record Request DTE-5

Record Request DTE-6

Record Request DTE-1

Please provide in chart form, similar to that provided in response to Information Request DTE-3-7, the Company's capital structure as indicated in Exhibit BE-3.

Response

Boston Edison Company  
Capital Structure  
9/30/03  
(\$m)

	\$	%
Common Equity	\$1,103.4	52.9%
Preferred Equity	43.0	2.1%
Long-Term Debt	821.0	39.4%
Short-Term Debt	118.0	5.6%
<b>Total</b>	<b>\$2,085.4</b>	<b>100%</b>

Record Request DTE-2

Provide the most recent available three-month and 12-month LIBOR rates.

Response

Listed below are the most recent available three-month and 12-month LIBOR rates:

Interest Rates as of February 26, 2004

<u>3-month LIBOR</u>	<u>12-month LIBOR</u>
1.12 percent	1.36 percent

Record Request DTE-3

Provide in chart format a forecast of cash generated from operations over the 2004-2005 period.

Response

Boston Edison Company  
Forecasted Cash From Operations  
(\$ millions)

<u>2004</u>	<u>2005</u>	<u>Total</u>
\$272	\$288	\$560

Record Request DTE-4

Provide a reconciliation of the difference between the \$58,457,299 construction work in progress associated with Exhibit BE-3, and the \$57,531,000 construction work in progress referenced in Exhibit DTE-2-2.

Response

Boston Edison Company  
September 30, 2003  
(\$ Millions)

	Exhibit BE-3 <sup>(1)</sup>	DTE-2-2 <sup>(2)</sup>
Utility Plant in Service	\$2,817.7	\$2,859.6
Construction Work in Progress	58.5	57.5 <sup>(3)</sup>
Capitalizable Utility Plant	\$2,876.2	\$2,917.1

- (1) Boston Edison Company stand alone.
- (2) Boston Edison Company consolidated. (Includes Harbor Electric Energy Company and BEC Funding.)
- (3) The Company made an entry after Exhibit BE-3 was prepared as part of the 10Q review process to transfer completed construction projects into Utility Plant in Service. The entry, for \$925,980, represents a timing difference between the Plant Accounting system and the Company's general ledger. All of these work orders represented completed construction projects that had in-service dates within our Plant Accounting system at September 30, 2003. Since this entry increased Utility Plant in Service and decreased Construction Work in Progress by the same amount, there was no effect on Capitalizable Utility Plant.

Record Request DTE-5

Provide the estimated time and transaction costs associated with the following:  
 (1) a negotiated public offering; (2) a competitively bid transaction; and (3) a private offering.

Response

Listed below, in chart form, is a comparison of the schedule for the three types of placements. Actual scheduling will, of course vary. As can be seen, the private-placement process requires the least time to close. Negotiated and competitive-bid public offerings require essentially the same schedule, so long as market conditions do not vary. However, the Company is better able to respond to a change in market conditions to obtain best available terms with a negotiated offering process. For example, if the market conditions change while the competitive-bid process is pending, the Company would have to restart the process to take advantage of the different market situation (Tr. 45-46).

### SCHEDULE COMPARISON

DATE*	NEGOTIATED	COMPETITIVE	PRIVATE
January 1	Engage underwriter  Prepare registration statement	-  Prepare registration statement	Engage Placement Agent  Prepare private offering memorandum and note purchase agreement
January 15	-	-	Placement Agent circulates offering memorandum to institutional investors
January 29	File registration statement with SEC	File registration statement with SEC	-
February 12	SEC determines whether to review	SEC determines whether to review	-
February 19	Registration Statement effective	Registration Statement effective	Agreement with one or more institutional investors  Negotiate purchase agreement and terms of securities

DATE*	NEGOTIATED	COMPETITIVE	PRIVATE
February 26	Meetings with underwriter to access market conditions and make preliminary determination of optimal terms for security	Internal assessment of optimal terms of security  Company determines schedule for competitive bid auction	-
March 4	Underwriter begin preliminary marketing to generate and access investor interest	Company determines final terms of security	Execute purchase agreement
March 11	Company, underwriter and underwriter's counsel prepare prospectus to offer the securities	Company publishes notice in two local newspapers and national publication (e.g. Wall Street Journal) describing terms of security and date for bid.	Closing
March 18	Company prepares to price on 19 <sup>th</sup>	Company prepares for bids on 19 <sup>th</sup>	-
March 19	Market environment changes  Company prices with revised security terms	Market environment changes  Bid cancelled	-
March 26	Closing	Company determines new security terms or decides to re-bid existing security terms	-
April 2	-	Company publishes notice in two local newspapers and national publication (e.g. Wall Street Journal) describing terms of revised security and date for bid.	-
April 16	-	Revised bid date	-
April 23	-	Close	-

\* Does not reflect Department approval process. Assumes no SEC review of registration statement



## **COST COMPARISON**

An offering by the Company, whether an underwritten negotiated offering or an offering that is competitively bid, would be done as a registered public offering. Accordingly, the costs of issuance (*i.e.*, registration fees, rating agency, legal fees, accounting fees, printing fees, etc.) would not differ significantly in either a competitively bid or negotiated transaction. However, a competitively bid transaction would require the additional cost of printing advertisements in two local newspapers and one national publication (such as the Wall Street Journal). The Company estimates that the additional cost of this advertising requirement is approximately \$10,000.

Small shifts in market demand and interest rates can translate into large additional interest expense on the debt securities. A mere 10 basis point shift in rates results in an additional \$500,000 interest expense per year on \$500 million of debt securities. The Company continues to request an exemption from the competitive bidding requirements in view of the continued volatility of the financial markets. Because of the significant cost of even a 10 basis point change in the yield on the securities, it is extremely important that the Company be able to take advantage of the flexibility offered by negotiated transactions and the underwriters' expert knowledge of marketing securities.

As shown in the Company's response to Record Request DTE -6, the markets continue to be volatile. In such markets, the Company believes that the competitive bidding requirement would inhibit its ability to vary the form and timing of its issuances which is necessary in today's continued fluctuating financial markets. In addition, the Company believes that potential underwriters do not employ strong pre-marketing efforts in a competitive bid transaction because they cannot be assured they will be awarded the securities. In a volatile market, this may result in less aggressive bids because without a strong pre-marketing effort, the underwriters cannot be assured that a strong market exists for the particular security. The Department has recognized that negotiated transactions may benefit customers and are more appropriate than competitive-bid transactions during periods of fluctuating securities markets.

The upfront costs of a privately placed transaction are less than in a registered offering, primarily because the Company does not have to pay an SEC registration fee or rating agency fees. However, this is partially offset by the fact that the Company would be required to pay the costs of legal counsel to the

purchasers. Although the upfront costs of a privately placed transaction may be lower, the overall costs are likely to exceed the cost of a publicly offered transaction. The interest rate the Company would have to pay would be at least 10 basis points higher in a private placement, and perhaps more. On a \$500 million financing, this would translate into at least \$500,000 additional interest expense per year. Over the life of an issuance, this cost would greatly exceed any upfront savings. This is why all, or almost all, companies that have access to the public markets do not do privately placed transactions, except in unusual circumstances (for example, special project financing, less than investment grade credits, inability to meet SEC disclosure requirements). Further, capacity in the private placement market is less than the public market which would make a large issuance difficult to place and would require even more than 10 additional basis points in interest expense.

Boston Edison Company  
Department of Telecommunications and Energy  
D.T.E. 03-129  
Record Request: **DTE-6**  
Transcript Reference: Page 52  
March 4, 2004  
Person Responsible: Emilie O'Neil  
Page 1 of 1

Record Request DTE-6

For Exhibits BE-5A and BE-5B provide updated charts for both exhibits with the most current available data, and include the actual month-by-month interest rates used to prepare the charts.

Response

See Attachment RR-DTE-6 for the month-by-month rates, followed by the updated charts.

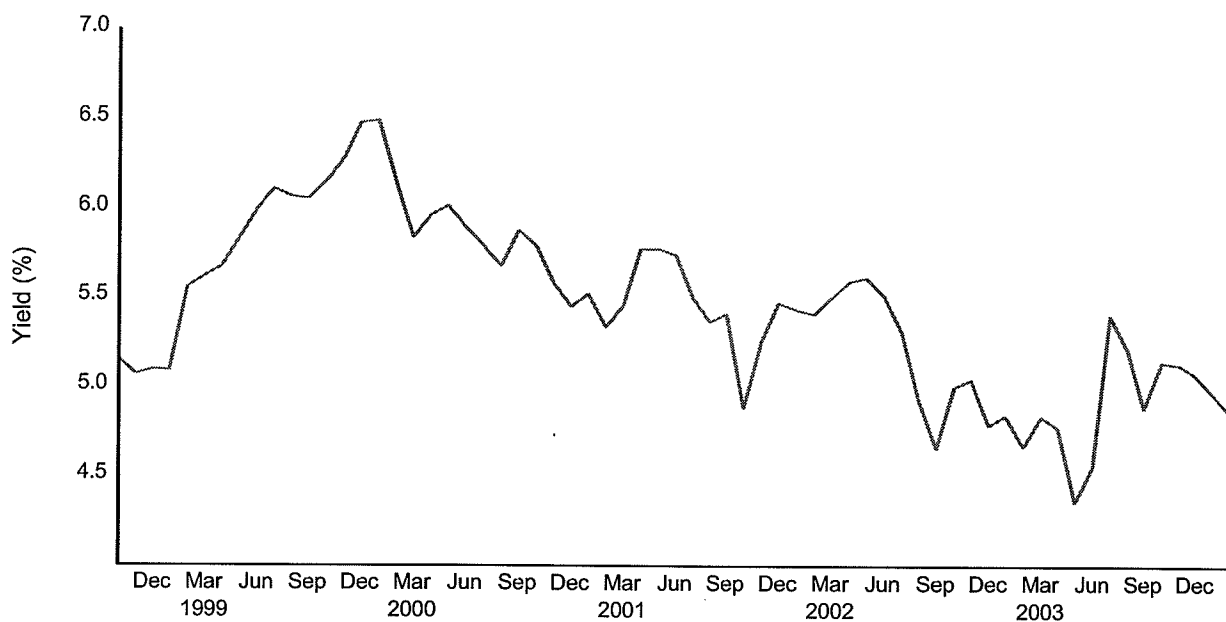
**30-year Treasury Yield**  
4.852%**A-rated 30-year Utility Yields**  
5.702%**Monthly Data October 1998 - January 2004**

<b><u>Date</u></b>	<b><u>30-year Treasury Yield</u></b>
10/30/98	5.157%
11/30/98	5.073%
12/31/98	5.098%
1/29/99	5.092%
2/26/99	5.561%
3/31/99	5.623%
4/30/99	5.680%
5/31/99	5.839%
6/30/99	5.998%
7/30/99	6.112%
8/31/99	6.067%
9/30/99	6.057%
10/29/99	6.153%
11/30/99	6.285%
12/31/99	6.482%
1/31/00	6.494%
2/29/00	6.141%
3/31/00	5.839%
4/28/00	5.966%
5/31/00	6.018%
6/30/00	5.895%
7/31/00	5.791%
8/31/00	5.677%
9/29/00	5.879%
10/31/00	5.788%
11/30/00	5.589%
12/29/00	5.455%
1/31/01	5.527%
2/28/01	5.338%
3/30/01	5.462%
4/30/01	5.774%
5/31/01	5.776%
6/29/01	5.741%
7/31/01	5.506%
8/31/01	5.369%
9/28/01	5.415%
10/31/01	4.887%
11/30/01	5.266%
12/31/01	5.473%
1/31/02	5.434%
2/28/02	5.412%
3/29/02	5.503%
4/30/02	5.593%
5/31/02	5.616%
6/28/02	5.517%
7/31/02	5.309%
8/30/02	4.938%
9/30/02	4.661%
10/31/02	5.004%
11/29/02	5.046%
12/31/02	4.791%
1/31/03	4.845%
2/28/03	4.672%
3/31/03	4.839%
4/30/03	4.779%
5/30/03	4.360%
6/30/03	4.564%
7/31/03	5.406%
8/29/03	5.215%
9/30/03	4.885%
10/31/03	5.146%
11/28/03	5.130%
12/31/03	5.074%
1/30/04	4.961%
2/27/04	4.852%

<b><u>Date</u></b>	<b><u>A-rated 30-year Utility Yields</u></b>
10/30/98	6.833%
11/30/98	6.329%
12/31/98	6.438%
1/29/99	6.277%
2/26/99	6.722%
3/31/99	6.917%
4/30/99	6.991%
5/31/99	7.217%
6/30/99	7.443%
7/30/99	7.698%
8/31/99	7.733%
9/30/99	7.631%
10/29/99	7.605%
11/30/99	7.599%
12/31/99	7.790%
1/31/00	7.744%
2/29/00	7.851%
3/31/00	7.973%
4/28/00	8.107%
5/31/00	8.505%
6/30/00	8.048%
7/31/00	7.866%
8/31/00	7.890%
9/29/00	8.014%
10/31/00	7.966%
11/30/00	7.852%
12/29/00	7.506%
1/31/01	7.168%
2/28/01	7.155%
3/30/01	7.363%
4/30/01	7.554%
5/31/01	7.452%
6/29/01	7.464%
7/31/01	7.172%
8/31/01	7.029%
9/28/01	7.309%
10/31/01	6.784%
11/30/01	6.966%
12/31/01	7.073%
1/31/02	6.884%
2/28/02	6.762%
3/29/02	6.853%
4/30/02	6.943%
5/31/02	6.866%
6/28/02	6.917%
7/31/02	6.794%
8/30/02	6.388%
9/30/02	6.061%
10/31/02	6.304%
11/29/02	6.296%
12/31/02	5.934%
1/31/03	5.845%
2/28/03	5.622%
3/31/03	5.789%
4/30/03	5.579%
5/30/03	5.110%
6/30/03	5.314%
7/31/03	6.306%
8/29/03	6.215%
9/30/03	5.785%
10/31/03	5.946%
11/28/03	5.950%
12/31/03	5.874%
1/30/04	5.711%
2/27/04	5.702%

## Historical 30-Year Treasury Yields

MONTHLY DATA: OCTOBER 1998 THROUGH FEBRUARY 2004



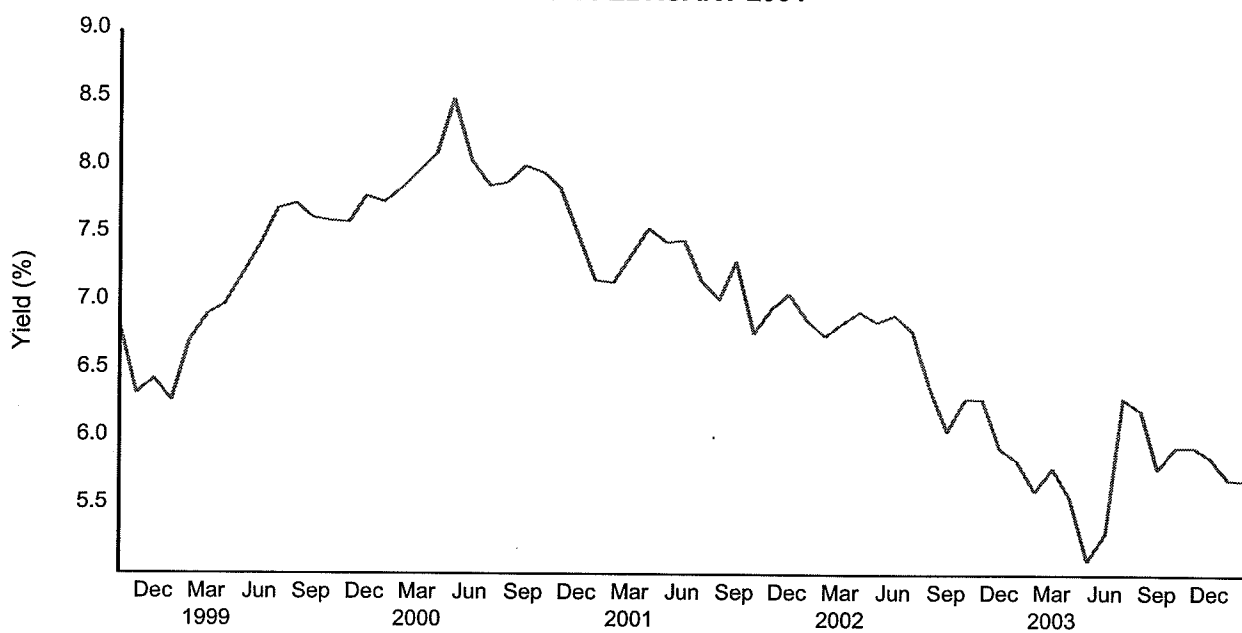
— U.S. Government 30-Year Maturities

Summary Statistics:			
High	Low	Average	Latest
6.49%	4.36%	5.44%	4.85%

**citigroup** 

## Yield History of A-Rated 30-Year Utility Debt

MONTHLY DATA: OCTOBER 1998 THROUGH FEBRUARY 2004



Summary Statistics:

High	Low	Average	Latest
8.51%	5.11%	6.90%	5.70%

**citigroup**